

## Chapter 8000 - Cash

---

### 8000 GENERAL

(Revised 2/99)

State employees having custody of state funds will be instructed to surrender, without resistance, funds demanded if they are threatened with violence during the course of an attempted robbery. The California Highway Patrol will be notified immediately. In addition, agencies are required to notify the Department of Finance, Office of State Audits and Evaluations. See SAM Section 20060

Agencies normally handle the following types of cash items:

1. General Cash
2. Revolving Fund Cash
3. Agency Trust Fund Cash
4. Cash receipts that for valid reasons will not be deposited immediately.

The first three types of cash items are discussed in general in the sections following. The fourth type of cash items is discussed in SAM Section 10513. Standard Entry No. 13.

---

### 8001 CENTRALIZED STATE TREASURY SYSTEM

(Revised 09/10)

Except when otherwise authorized by the Director of Finance or unless deposited directly in the State Treasury, all money in the possession of or controlled by any department will be deposited in the Centralized State Treasury System (CTS), subject to disbursement upon order of the department.

The CTS is a system, authorized by Government Code Section 16305, whereby state moneys are deposited in specified local banks for credit to central accounts of the State Treasurer's Office (STO). Under this system, each depositing department notifies the STO whenever a deposit is made. From such data, the STO maintains central accounts with respect to each approved depository. Although deposits may be made at any branch of an approved depository, only one account is maintained for each depository by the STO. The State Controller's Office (SCO) maintains accountability for deposits by specific account of the depositing department to be credited rather than by approved depository.

Withdrawals are made by checks drawn by the department and by SCO transfers from the bank account to a state fund. The SCO sends statements of accounts at least monthly to each department with a CTS bank account. The STO maintains the online statewide Agency Paid System for departments to access and print images of their agency checks. The system is updated daily and check data is retained for five years from the date paid. To obtain access to the Agency Paid System, departments shall complete the STO's User ID Assignment/Removal Form STO-IP 130. The form and information can be obtained by contacting the STO Item Processing Section at [Item.Processing@Treasurer.ca.gov](mailto:Item.Processing@Treasurer.ca.gov).

The purpose of the CTS is to maximize the earning of interest consistent with safe and prudent treasury management and to assure that depository banks provide the state with proper and adequate security for deposits of state moneys.

---

#### 8001.1 OPENING AN ACCOUNT

(Revised 03/05)

Requests to open new accounts will be made by letter to Department of Finance, Fiscal Systems and Consulting Unit. The request must include the legal name of the department together with the official designation of the account, for example:

Department of General Services  
General Checking Account

The Department of Finance, Fiscal Systems and Consulting Unit, will send a letter of approval to the agency and a copy to the State Treasurer's Office along with a copy of the agency's request. Upon assignment of the account number, the State Treasurer's Office will forward a copy of the approval with account number designation to the agency and to the State Controller, Division of Accounting and Reporting. Agencies will keep the number of their centralized State Treasury System accounts to a minimum. Most agencies will require only one centralized State Treasury account even though they may have more than one general ledger cash account (i.e., General Cash, Revolving Fund Cash, and Agency Trust Fund Cash). The title of such centralized State Treasury System account will be "General Checking Account." Special circumstances may require separate centralized State Treasury System accounts. In such instances, the agency will request approval to establish such accounts from Department of Finance, Fiscal Systems and Consulting Unit. Requests should include the purpose or reason for a separate account.

---

**8001.2 SIGNATURE CARDS**  
(Revised 6/80)

Agencies will prepare a departmental interoffice memo listing the names of each person authorized to sign agency checks. (See SAM Section 8080.) A specimen of both a manual and facsimile signature, if a facsimile signature is to be used to sign checks, will be shown. It is the agency's responsibility to ensure that adequate safeguards are taken to preclude improper or unauthorized use of facsimile signatures. (See SAM Sections 8080 and 8081.) Each memo will contain the following statement:

"Checks drawn for an amount in excess of \$15,000 will require two authorized signatures unless the check is payable to (1) the State Treasurer, (2) another state agency or account, or (3) if the Department of Finance, Fiscal Systems and Consulting Unit, has authorized, in writing, special instructions permitting an agency to deviate from this requirement."

The memo will be placed in an Agency Check–Authorized Signatures file. This file will be kept by the agency on a current basis. A copy of the memo need not be sent to the State Treasurer's Office. Each agency will be solely responsible for maintenance and control of authorized signature files.

---

**8001.3 FACSIMILE SIGNATURES**  
(Revised 7/79)

In accordance with Section 5501 Government Code, every authorized officer when facsimile signature is used on any instrument of payment shall file his manual signature, certified by him under oath, with the Secretary of State.

It is the agency's responsibility to ensure that adequate safeguards are taken to preclude improper or unauthorized use of facsimile signature. (See SAM Sections 8080, 8081, and 8082.)

---

**8001.4 FACSIMILE SIGNATURE (SIGNATURE PLATE OR RUBBER STAMP) DESTRUCTION**  
(Revised 7/79)

Agencies shall destroy the facsimile signature plate upon the departure of the particular authorized officer. Two persons, exclusive of the individual whose signature is involved, shall witness and sign an acknowledgment of the destruction. One copy shall be given to the departing officer and one shall be retained and filed by the agency.

Agencies shall use any convenient method of destruction. Suggested methods for signature plate destruction are to saw in half or hammer or file imprint down. For rubber stamps, the imprint should be removed from the stamp and cut with scissors.

---

**8001.5 CLOSING AN ACCOUNT**

(Revised 09/12)

Departments will periodically review their need for maintaining a centralized State Treasury System (CTS) bank account. When more than one CTS bank account exists, departments will combine these into one CTS bank account, where feasible.

Requests to close inactive or unnecessary CTS bank accounts will be sent to State Treasurer's Office, Centralized Treasury and Securities Management Division, Bank Reconciliation Section, along with a copy of the current CTS statement with a zero balance.

---

## **8002 ACCOUNTS OUTSIDE OF THE CENTRALIZED STATE TREASURY SYSTEM**

(Revised 9/09)

Except as provided in the criteria #7 below, requests for approval of bank, savings and loan association, or credit union accounts to be maintained outside the centralized State Treasury System (CTS) will be sent to the Department of Finance, Fiscal Systems and Consulting Unit. Please refer to SAM Section 19462 for bank accounts or Section 19463 for savings and loan association and credit union accounts. All requests shall include the following information:

1. Justification for the need to open an account outside the CTS.
2. The name and location of the proposed bank, savings and loan association, or credit union.
3. The legal name of the department and the official designation of the account.
4. Whether the bank or savings and loan association is insured by the Federal Deposit Insurance Corporation (FDIC). For credit unions, whether it is insured by the National Credit Union Administration (NCUA).
5. The amount, source, and purpose of the funds to be deposited, type of deposit (time deposit, savings account, etc.), length of deposit, and interest rate to be received.
6. The provisions for the withdrawal of funds.
7. For Zero Balance Accounts (ZBA) that are swept into the CTS, indicate whether the ZBA is new, or whether it is being changed from one depository bank to another. Finance approval is not required for a change in depository banks when all of the following conditions are met:
  - The change in depository bank is for a contract between the State Treasurer's Office (STO) or the State Controller's Office (SCO) and another department.
  - The ZBA was previously approved by Finance.
  - No other changes are made to the account(s).

Finance will notify the SCO, Division of Accounting and Reporting, and the STO in writing of each new account approved.

Agencies will obtain signature cards from banks, savings and loan associations, and credit unions. Finance approval of signature cards is not required. It is the agency's responsibility to ensure that adequate safeguards are taken to prevent improper or unauthorized use of facsimile signatures. (See SAM Sections 8080-8082.)

Agencies shall ensure that deposited funds are collateralized in accordance with the following Government Code (GC) Sections:

### ***Bank Accounts***

GC Section 16520—Security is not required for that portion of deposited funds insured under any law of the United States.

GC Section 16521—Requires banks to deposit securities as collateral with the State Treasurer valued at 110 percent of the uninsured portion of the collected funds deposited with the banks.

GC Section 16522—Specifies the types of securities that banks may deposit as collateral with the State Treasurer.

### **Savings and Loan Association and Credit Union Accounts**

GC Section 16610—Security is not required for that portion of deposited funds insured under any law of the United States.

GC Section 16611—Requires savings and loan associations and credit unions to deposit securities as collateral with the State Treasurer valued at least 110 percent of the uninsured portion of the collected funds deposited with the savings and loan associations and credit unions.

GC Section 16612—Specifies the types of security that savings and loan associations and credit unions may deposit as collateral with the State Treasurer.

---

## **8002.1 FISCAL AGENTS**

(New 9/91)

Fiscal agents are financial institutions or other third parties receiving remittances and/or making disbursements on behalf of the State. The State's normal procedures for receipts and disbursements— should by used whenever possible to minimize the use of fiscal agents.

If unusual conditions exist requiring the use of fiscal agents, requests for approval should be submitted to the Department of Finance, Fiscal Systems and Consulting Unit. All requests shall include the following information:

1. Justification for the need for a fiscal agent.
2. Name and location of the fiscal agent.
3. Description of all functions to be performed by the fiscal agent.
4. Description of the internal control procedures between the State agency and the fiscal agent.

The fiscal agent shall maintain separate bank or savings and loan association accounts to account for any money under its control. The same approval procedures (SAM Section 8002) and reporting requirements (SAM Section 7975) apply as to any account outside the centralized State Treasury System.

---

## **8002.5 NON-STATE MONEY**

(From MM 78–7 New in SAM 5/81)

Employees involved in activities which are not an integral part of State programs or operations must be involved only on their own time and without the use of State equipment or supplies. Any funds which are collected or controlled by State employees for such non-State activities are not to be accounted in the State Treasury. Non-State monies are to be collected, controlled, and expended in a manner that will prevent any implication that the State is a sponsor or participant in those activities.

---

## **8003 RECEIPT OF FEDERAL FUNDS**

(Revised 06/11)

Federal funds are awarded to departments by grant awards or letters of credit. Grant awards or letters of credit are a commitment certified by an authorized federal official, and specify the Account Identification Number, Catalog of Federal Domestic Assistance numbers, and dollar limit to a designated payee. A period of availability may also be specified. This information is used to obtain the federal funds.

The federal agency will advise the department of the reporting requirements and monitor the use of funds. Departments will comply with federal agency requirements. The department has the following responsibilities:

- ... Initiate fund requests according to the agreed upon terms and only when needed to meet actual and immediate disbursement needs.
- ... Funds should be requested according to the terms in the grant or letter of credit and in accordance with federal law.
- ... Prepare reports as required by the federal agency.
- ... Impose the same requirements on any sub-recipients.

See SAM sections 8010 through 8014 for information on the Cash Management Improvement Act.

The Financial Management Service (FMS) is a bureau of the U.S. Department of the Treasury and operates the Vendor Express Program. As part of FMS, the Division of Payment Management manages and operates federal payment systems, and disburses the majority of all federal payments.

The majority of federal payments are requested through automated systems and received by electronic funds transfer. The ACH Vendor/Miscellaneous Payment Enrollment Form (SF 3881) may be completed to enroll departments in the Vendor Express Program. The SF 3881 allows use of the automated systems to request federal funds such as Payment Management System (PMS), Automated Standard Application for Payments (ASAP), and Vendor Inquiry Payment Electronic Reporting System (VIPERS).

Most federal funds are remitted to a fund on the Report to State Controller of Remittance to State Treasurer Form CA-21. See SAM section 8091 for information on remittances to the STO.

---

## **8010 CASH MANAGEMENT IMPROVEMENT ACT**

(Revised 06/10)

The Cash Management Improvement Act of 1990 (CMIA) was enacted by Public Law 101-453, codified at 31 U.S.C. 3335, 6501 and 6503. The implementing regulations are in 31 CFR Part 205. The purpose of CMIA is to ensure efficiency, effectiveness, and equity in the exchange of funds between the states and the federal government for federal assistance programs. The general provisions are as follows:

1. Federal agencies must make timely fund transfers and grant awards to the state departments.
2. State departments must minimize the time between the deposit of federal funds in the state's account and the disbursement of funds for program purposes.
3. With some exceptions, the state is entitled to interest from the federal government from the time state warrants are redeemed until federal funds are deposited in the state's account.
4. The federal government is entitled to interest from the state from the time federal funds are deposited in the state's account until the state warrants are redeemed.

---

## **8011 FEDERAL ASSISTANCE PROGRAMS AND STATE DEPARTMENTS IMPACTED BY CMIA**

(Revised 06/10)

The programs listed in the Catalog of Federal Domestic Assistance are subject to the CMIA regulations. In California, federal assistance programs that meet or exceed the established threshold of federal funding are considered CMIA major programs and are subject to CMIA interest provisions under Subpart A of federal regulations. The programs that meet this criteria are determined by the state's most recent Single Audit Report.

Programs not considered major programs are subject to Subpart B of federal regulations, and must minimize the time between the deposit of federal funds in the state's account and the disbursement of funds for program purposes.

---

## **8012 TREASURY-STATE AGREEMENT**

(Revised 06/10)

The Department of Finance (DOF), Fiscal Systems & Consulting Unit (FSCU), prepares the Treasury State Agreement (TSA). The TSA lists the state departments and programs impacted by CMIA, the funding techniques for each program, the clearance and redemption patterns for requesting federal funds and calculating interest liability, the interest calculation methodologies, and the description of reimbursable interest calculation costs.

---

### **8013 PRINCIPAL RESPONSIBILITIES**

(Revised 06/10)

1. The principal responsibilities of DOF:
    - a. Establish the annual CMIA threshold amount. Identify the state departments and federal assistance programs that will be impacted by CMIA.
    - b. Notify CMIA participating departments of their roles and responsibilities.
    - c. Negotiate with the U.S. Department of the Treasury, Financial Management Service (FMS) on new TSAs and amendments to the existing TSA.
    - d. With the assistance of the State Controller's Office, develop patterns by programs for the average number of days from warrant issuance to redemption.
    - e. Calculate the state and federal interest liabilities by programs and DOF's interest calculation costs.
    - f. Prepare the CMIA Annual Report and Interest Calculation Cost Report for submittal to FMS.
    - g. Budget funds from the General Fund and special funds for the payment of the state interest liability to the federal government.
    - h. Process interest payment.
  2. The principal responsibilities of the state department that administer CMIA programs:
    - a. Request federal funds in accordance with the approved funding technique described in the TSA and only in amounts needed for immediate payments.
    - b. For specific CMIA programs identified in the TSA, document the amount of federal funds requested, when federal funds are deposited in the state's account, and when warrants are issued. This information is provided to DOF quarterly.
    - c. Notify the DOF, FSCU, of any changes to the funding process for CMIA programs. A state department shall not make a change until it is reviewed and approved by DOF and FMS.
- 

### **8014 NON-COMPLIANCE BY A STATE DEPARTMENT THAT ADMINISTERS CMIA PROGRAMS**

(Revised 06/10)

If a state department that administers CMIA programs fails to fulfill its CMIA responsibilities, any additional costs for interest penalties and audit exceptions resulting from non-compliance will be paid from the department's support appropriation.

---

### **8020 RECEIPTS**

(Revised 06/11)

State departments will prepare receipts for the following transactions:

- a. All collections of coin or currency received in person from payers who are not given press-numbered or pre-numbered documents of fixed value (such as guest meal tickets) at the time of payment.

- b. All collections from payers who request receipts.
- c. All collections where a receipt is needed by the payer as a temporary permit pending issuance of a license.

All cash receipts must use a controlled numbering system such as press-numbered receipts, cash register receipts, or pre-numbered tickets.

A numeric file and inventory control of all receipt copies including voided receipts should be maintained for audit purposes.

Receipts will be mailed only upon request. If a payer who does not request a receipt at time of payment subsequently requests one, the state department must date the receipt with the current date and cross-reference it to the report of collection or Cash Receipts Register that documented the receipt of the money.

Duplicate receipts will designate "DUPLICATE" and a cross-reference to the originally issued receipt will be noted on all duplicate receipts. All copies of receipts and licenses, except the originals, must designate "Copy-Not A Valid Receipt" or "Copy-Not A Valid License".

---

## **8022 DOCUMENTATION OF INCOMING COLLECTIONS**

(Revised 06/11)

Department records will contain information regarding the type of collection (such as cash, check, or money order) received from each payer. This information will be recorded so that it can be readily audited from receipts, reports of collections, or the registers, and will show the amount of the check or money order presented. See SAM Section 8023, Acceptance of Checks and Money Orders.

To maintain accountability of these assets, all incoming collections will be documented by the person opening the mail. These collections may be either payable or not payable to the state department.

Cash or checks not payable to the department but are transferred between employees from the time of its receipt to its deposit will be documented by the department. This documentation will include the date received or check date/check number, payer name, amount, and a brief description of the receipt.

---

## **8023 ACCEPTANCE OF CHECKS AND MONEY ORDERS**

(Revised 8/01)

All checks, money orders, and warrants received for deposit will be restrictively endorsed for deposit as soon as possible after receipt, but no later than the end of the working day. See SAM Section 8034.1. If the payee space is blank on any instrument received for deposit, the State agency's name will be entered immediately.

Checks and money orders for amounts in excess of the payment required may, at the State agency's discretion and upon proper identification of the payer, be accepted over-the-counter. Immediately refund the amount in excess of the required payment made from cash receipts, except when the person presenting the check has prepared the check for an amount in excess of the required payment.

As a general principle, State agencies will accept personal checks to provide convenience to the public. See Government Code Section 6157. However, State agencies may require payment by cash, certified check, cashiers check, or money order when:

- a. Service or materials that cannot be withdrawn if the check is dishonored by the bank are furnished to other than well-established firms or well-known persons.
- b. The payer previously gave the State agency a check that was dishonored by the bank.

- c. The check is drawn on a financial institution outside the United States.

State agencies accepting personal checks over-the-counter for cash or for services or materials that cannot be withdrawn will assure that enough information is available, either on the check or from available records, to enable tracing the person who presents the check if it is dishonored by the bank. Supplemental information, such as residence or business address, driver's license number, etc., may be essential in locating such individuals.

---

#### **8023.1 ACCEPTANCE OF CREDIT CARDS**

(New 8/01)

State agencies accepting credit card payments must provide a notice of the credit card payment option to all payers. The notice will be included on or accompany the billing statement and provide:

- a. Space on the payment form for the payer to provide a credit card number, expiration date, and signature, or
- b. Complete instructions describing the procedures the payer must follow in order to pay by credit card.

---

#### **8024 SAFES AND VAULTS**

(Revised 3/82)

The following standards apply to safes and vaults housing either cash or valuable documents:

1. The combination will be known to as few persons as possible consistent with operating requirements and the value of the cash or documents safeguarded.
2. A record will be kept showing: (a) date the combination last was changed and (b) names of persons knowing the present combination.
3. The combination will be changed when it becomes known to an excessive number of employees, or if any employee having knowledge of the combination leaves the employ of the State agency, or no longer requires the combination in the performance of his or her duties.

---

#### **8025 PLACEMENT OF SAFES FOR SECURITY PURPOSES**

(Revised 8/01)

As a deterrent to burglary, State agencies will securely anchor a safe to the building and, where practical, to the building's foundation.

---

#### **8030 DEPOSITS—INTRODUCTION**

(Revised 06/12)

Departments will comply with all the following applicable State Administrative Manual (SAM) sections regarding the preparation, depositing, reporting, and correction of deposits made into the centralized State Treasury System (CTS). It is imperative that departments report deposits in a timely and accurate manner in order to expedite the reconciliation of their department accounts and to maximize interest earnings. Departments will deposit their collected funds into the Treasurer's account at an approved depository bank. The department is then responsible for notifying the State Treasurer's Office (STO) of funds deposited by submitting the Treasurer's copy of the Report of Deposit form to the STO. The STO records valid deposits and submits a daily record of all deposits received to the SCO for posting to the individual department accounts. The SCO prepares the monthly Centralized Treasury Trust System Account Statements (bank statements) and



distributes them to the departments following the end of the month. For departments participating in the Electronic Deposit Form web application, see SAM Section 8033.4.

---

### **8031 APPROVED DEPOSITORIES**

(Revised 09/12)

Departments will make deposits into the CTS at an STO approved depository bank. Departments cannot make deposits into their CTS accounts at the STO. The following depository banks have been approved by the STO:

Bank of America  
Bank of The West  
Citibank  
JP Morgan Chase Bank  
Union Bank of California  
U. S. Bank  
Wells Fargo Bank  
Westamerica Bank

Departments must submit a written request to the STO to add or change depository banks. The request must include the following information:

To add a depository bank:

1. Indicate bank and branch.
2. Indicate reason for adding bank.

To change depository bank:

1. Current bank name and branch.
2. New bank and branch name and address.
3. Reason for changing banks.

Send written request to:

State Treasurer's Office (IMMS C-15)  
Centralized Treasury and Securities Management Division  
Bank Reconciliation Section Manager  
P.O. Box 942809  
Sacramento, CA 94209-0001

Note: For accounts outside the CTS, including Zero Balance Accounts (ZBA), refer to SAM Section 8002.

---

### ***Procedure for Depositing***

#### **8032.1 WHEN TO DEPOSIT**

(Revised 12/02)

Agencies are required to deposit receipts in a timely and economical manner. They will adhere to the following guidelines in determining when to deposit receipts into a CTS account at an approved depository.

Agencies that have safes, vaults, money chests, or other comparable storage that is adequate to safeguard cash will accumulate collections until they amount to \$1,000 in cash or \$10,000 in cash, checks, money orders,

and warrants (excluding state warrants and state checks), whichever occurs first.

Agencies that do not have a safe, vault, or money chest that is adequate to safeguard cash will accumulate collections until they amount to \$250 in cash or \$10,000 in cash, checks, money orders, and warrants (excluding state warrants and state checks), whichever occurs first. When such funds are not in use, they will be locked in a desk, file cabinet, or other mechanism providing comparable safekeeping.

Accumulated receipts of any amount will not remain undeposited for more than ten working days. An agency may deposit more often than once a day at its discretion and when it is economical or practical to do so because of the size of its receipts.

Field representatives may either deposit receipts directly or remit them by mail to the appropriate agency accounting office to then be deposited into a CTS bank. This should be in accordance with the agency's procedures for depositing receipts from a field office; however, adherence to the SAM requirements governing the depositing of receipts is required.

Agencies will consider any procedure that expedites depositing to be practical if the additional interest earnable exceeds the additional costs of the procedure. Agencies will use the following formula for determining additional interest earnable: additional interest earnable will be estimated at \$27 per million dollars per calendar day for each one percent of current rate of interest earned.

---

### 8032.2 METHOD OF DEPOSITING

(Revised 06/12)

Departments will maintain adequate security of state monies in transit to banks and assure that the delivery is made in the most economical way consistent with good practice, safety, department needs, and SAM requirements. Following are the different methods to be used for depositing state monies into the Demand Depository Accounts.

1. **By Employee.** A department messenger or other assigned employee may deliver the deposit to the bank if (1) the bank is not furnishing bank messenger service or (2) an armored car service either is not available or not economically justified and direct delivery of deposits does not subject department employees to the hazard of robbery or compromise their safety.
  - a. **Teller Counter.** During regular banking hours a department employee may deliver the deposit to the merchants' window of their selected CTS bank. Delivery of deposits to the bank by a department employee is normally a routine task for departments which regularly collect revenue. Employees may perform this service either routinely or occasionally in conjunction with other state duties while in the vicinity of the bank.
  - b. **Night Deposits.** Night depository service (after banking hours) is furnished by most branches of those banks listed as approved depositories in SAM Section 8031. This service will be used by departments not equipped with proper safes or vaults for safeguarding cash overnight and by departments in outlying areas where a night deposit can be made enroute by a department employee returning home at the end of the workday. See SAM Section 8032.1 regarding when to deposit.
2. **Mail Deposits.** Deposits may be made by certified or registered mail if the department or field representative is a considerable distance from the nearest banking facility of an approved depository and visits to such bank would not be made as often as required for depositing collections, provided coin and currency can be converted locally by the purchase of a cashier's check or money order. The cost of cashier's checks or money orders purchased for such deposits will not be deducted from the deposit but will be paid from revolving funds, cash purchase funds, or an employee's own funds. In the latter instance the employee will claim reimbursement on his travel expense claim. Some banks do not charge for money orders or cashier's checks that are purchased for state business. At the time of purchase, the department employee should make it known that the money order or cashier's check is being purchased in the state's behalf and provide such evidence as may be required for verification.
3. **Armored Car.** If the safety of employees or robbery are imminent concerns, armored car service is

also an option. Special arrangements may be made with armored car companies for armored car service during a particular collection period, or when special service is required.

4. **Bank Messenger.** When bank messenger service is available in an area, departments may arrange for their deposits to be picked up and delivered to a selected branch of an approved depository bank. Deposits will be placed in sealed bags and will be receipted by the bank messenger at the time the deposit is picked up. This receipt will be kept by the department along with any other documentation verifying the deposit. **(Note: bank messengers are restricted from picking up deposits that include coin or currency.)**
5. **Remotely.** Image Cash Letter and Remote Site Deposit are ways to deposit check images to depository banks electronically. Departments do not have to use resources to physically deliver items to the bank. It is available to all departments that meet the requirements for the Electronic Deposit Form and have the hardware to process information electronically as instructed in the User's Manual (see SAM section 8033.4). Participating departments will continue to comply with all applicable SAM sections regarding depositing, reporting, and correcting of deposits made to the CTS. See SAM section 8034.5 for endorsement provisions and 8043.2 for Non-Conforming Images.

Departments may contact the STO for more information by e-mail at: [cash-bankrec@treasurer.ca.gov](mailto:cash-bankrec@treasurer.ca.gov).

Additional information is also available at the following website:  
<http://treasurer.ca.gov/inside/divisions/icl.asp>.

In the event of a Fatal File Failure, which prevents the bank from processing deposits, the department must contact the STO, Financial Services Section by e-mail and call immediately after becoming aware of the failure:

[FINSERV@TREASURER.CA.GOV](mailto:FINSERV@TREASURER.CA.GOV) and call (916) 653-2917 or CALNET 453-2917.

---

### 8032.3 VERIFICATION OF DEPOSITS

(New 5/98)

Except where the supervisor and the person depositing cash are not at the same location, the person supervising the person depositing cash will verify that receipts have been deposited intact and in accordance with SAM Section 8032.1. The supervisor will distribute the copies of the Report of Deposit in accordance with SAM Section 8033.2, Item 16, but will perform no other function in connection with the deposit.

---

### 8032.4 COIN AND CURRENCY

(New 5/98)

Depositing coin and currency in excess of \$100 will be prepared as described below. If the amount of coin in the deposit exceeds \$50, a separate deposit slip for the coin portion only must be prepared and submitted (other currency will be submitted with a separate deposit slip). Bank messengers are restricted from picking up any deposit that includes coin and/or currency.

The coin and currency portion to be delivered by an armored car or to be delivered by an agency messenger as a night deposit or teller counter window deposit will be counted and verified. Currency and coin (unrolled) will be placed in the deposit bag and sealed in the presence of two agency employees who will sign an agency copy of the deposit slip indicating they have verified the coin and currency amount in the deposit. The armored car carrier or agency employee is required to sign a receipt indicating the receipt of the sealed deposit bag to be delivered.

Whenever coin and currency to be deposited exceeds \$3,000 and armored car service is either not available, or excessively expensive, two agency employees should be assigned to deliver the deposit jointly or two or more deposits may be made to reduce the cash transported at one time. Occasionally, exceptionally large deposits may be handled by requesting an escort from the local police department or sheriff's office. A single employee will not transport more than \$3,000 in coin and currency at one time.

Agencies will not disburse or withhold receipts for the purposes of establishing or augmenting an over-the-counter change fund. Agencies will also not use receipts to be deposited to cash checks for employees.

---

### **8032.5 REPORTING OF LARGE DEPOSITS**

(Revised 09/12)

All money belonging to or in the custody of the State that is deposited in banks, savings and loan associations or credit unions must be secured by collateral as described in SAM Section 8002. This requirement applies to all accounts whether held inside or outside of CTS.

In order for the STO to effectively manage compensating bank balances and maximize the return on investments, as well as comply with the collateral requirements for deposits made to the State's CTS accounts as described in SAM Section 8002, agencies must report by 1:30 p.m. to the STO, Centralized Treasury and Securities Management Division, Financial Services Section, the following information:

<b>IF TOTAL DEPOSIT IS...</b>	<b>NOTIFY STATE TREASURER'S OFFICE BY 1:30 P.M.</b> <a href="mailto:FINSERV@TREASURER.CA.GOV">FINSERV@TREASURER.CA.GOV</a> or call (916) 653-2917 or CALNET 453-2917
\$100,000 or greater	Notify STO of total deposit amount.
<b>EXPECTED</b> to be \$5 Million or greater	Notify STO of expected amount and date of deposit as soon as possible or one day in advance.
Unknown	Notify STO of reasonable estimated amount.

---

### ***Report of Deposit***

### **8032.6 PAYMENT CARD DEPOSITS - GENERAL INSTRUCTIONS**

(New 5/98)

The following are the procedures for depositing card payments (credit card, debit card, Automated Teller Machine (ATM) cards, Smart cards (value stored on the card itself), etc.) for both the State's Master Service Agreement for payment card processing or an agency's individually contracted processor. A contracting agency should ensure that any contract or agreement with the processor includes provisions which are consistent with the following procedures.

1. Agencies accepting payment cards will establish a Zero Balance Account (ZBA), which is an account outside the CTS, in accordance with SAM Section 8002. The ZBA must be established at the main branch of an approved depository bank (SAM Section 8031). All payment card transactions will be processed through the agency's ZBA.
2. The payment card processor will transmit daily the amounts of the payment card transactions into the agency's ZBA. In addition, the processor will make all transaction data available to the agency. At the close of each business day, the net amount in the ZBA will be transferred electronically into the

appropriate Demand Depository Account. Each agency will receive periodic statements from the bank for reconciliation purposes. The processor will not make any unauthorized debits to the agency's ZBA.

3. Each working day, the net payment card amount that is transferred into the Demand Depository Account for the previous day's activity will be processed directly into the agency's CTS account by the Bank Reconciliation Unit at the State Treasurer's Office. This procedure eliminates the need for state agencies to submit deposit slips for their payment card transactions.

Credit transfers will be keyed as deposits to the agency's CTS account and debit transfers will be adjusted by an Agency Trust Adjustment (ATA) and then posted to the agency's CTS account via a journal entry. Agencies will be responsible for reconciling their ZBA activity. Any payment card questions or disputes should be directed to the payment card processor.

### 8033.1 ORDERING REPORT OF DEPOSIT FORMS

(Revised 03/10)

Departments are responsible for ordering their own Report of Deposit forms. Contact the Bank Reconciliation Section, STO at (916) 653-8865 or (916) 653-8775 for vendor contacts. Use the chart below for the appropriate forms identification and color code.

Departments participating in the STO's electronic deposit form web application, as described in SAM Section 8033.4, should maintain a supply of Report of Deposit forms in the event the web application is not available.

#### State Treasurer's Office Report of Deposit Form Identification and Color Code

<u>BANK NAME</u>	<u>FORM NAME</u>	<u>DEPOSIT COLOR</u>
BANK OF AMERICA	STO B/A (New 12/96)	523 U – 50%
BANK OF AMERICA - MISC-SORT MAY ONLY BE ORDERED BY: Employment Development Department Board of Equalization Department of Motor Vehicles Franchise Tax Board CA Public Employees Retirement System CA Public Utilities Commission Department of Child Support Services	STO B/A MISC (New 12/96)	BLACK U - 20%
BANK OF AMERICA – PRE-SORT MAY ONLY BE ORDERED BY: Employment Development Department Board of Equalization Department of Motor Vehicles Franchise Tax Board CA Public Employees Retirement System CA Public Utilities Commission Department of Child Support Services	STO B/A PRE (New 12/96)	523 U – 50%
BANK OF AMERICA UI ACCT. MAY ONLY BE ORDERED BY:	STO B/A UI (New 12/96)	277 U – 20%

Employment Development Department		
BANK OF THE WEST	STO BOW (New 10/02)	331 U – 20%
CITIBANK	STO CB (New 06/07)	155 U-80%
JP MORGAN CHASE BANK	STO JPMC (New 01/10)	7488 U - 50%
JP MORGAN CHASE BANK (PRE-SORT) MAY ONLY BE ORDERED BY: Employment Development Department Board of Equalization Department of Motor Vehicles Franchise Tax Board CA Public Employees Retirement System CA Public Utilities Commission Department of Child Support Services	STO JPMC PRE (New 01/10)	7488 U - 50%
UNION BANK OF CALIFORNIA	STO UNION (New 12/96)	196 U – 50%
U.S. BANK	STO US BANK (New 01/98)	100 U - 100%
WESTAMERICA BANK	STO WESTAMERICA (New 12/96)	WHITE
WELLS FARGO BANK	STO W/F (New 06/00)	397 U - 20%
WELLS FARGO BANK - PRE-SORT MAY ONLY BE ORDERED BY: Employment Development Department Board of Equalization Department of Motor Vehicles Franchise Tax Board CA Public Employees Retirement System CA Public Utilities Commission Department of Child Support Services	STO W/F PRE (New 06/00)	397 U -20%

**8033.2 - COMPLETING THE REPORT OF DEPOSIT FORM**  
(Revised 03/05)

State agencies shall use the STO form, Report of Deposit, for the purposes of documenting CTS deposits made into approved depository banks. The preprinted deposit serial number and agency account number are not to be altered in any manner. All information on the STO copy (trip copy) of the agency Report of Deposit form should be legible and in agreement with the Report of Deposit form presented at the bank. In addition, no other document (adding machine tape, etc.) should be attached to the STO copy of the Report of Deposit when routed to the STO. For agencies participating in the Electronic Deposit Form web application, see SAM Section 8033.4.

Please refer to Illustration 8033.2 for a sample Report of Deposit form (STO XXX) and the following detailed instructions when completing your Report of Deposit forms:

### Report of Deposit Form Preparation

1. **Agency Name.** The agency name shall be pre-imprinted.
2. **Location Code.** The location code (if used) may be pre-imprinted. The three-digit alpha/numeric code is selected by the agency. This field is not required by the STO.
3. **Account Number.** The agency account number shall be pre-imprinted. This number must conform to the **second**, **third**, and **fourth** numbers of the ten-digit serial number. The agency account number is the three-digit number assigned to the account in the CTS. An agency may have more than one account. Each account will have a separate number.
4. **Currency Only Line.** The total amount of currency only. Do not provide data pertaining to the currency denomination. Do not enter ANY item that is not currency. US currency ONLY.
5. **Coin Only Line.** The total amount of coin only. Do not enter ANY item that is not coin. US coin ONLY.
6. **Adjustments, Wires, Miscellaneous Items..**
  - a. Adjustments. Any adjustment required to correct an overage on a previous Report of Deposit form. (Refer to SAM Section 8033.3)
  - b. Electronic Wires. Total amount of wire(s) only. The Report of Deposit form total must correspond with a single bank credit. The date on the Report of Deposit form must correspond with the date of bank credit. Wire amounts are not to be combined together. Do not send the original and duplicate copies of the Report of Deposit form to the bank for validation of the wire deposit.
  - c. Miscellaneous.
7. **Item Count.** The number of checks and other negotiable instruments included in the Report of Deposit form. Item count is obtained from the adding machine tape attached to the bank copy. Do not list check numbers or other data pertaining to checks.
8. **Check Amount.** Total amount of checks and negotiable instruments only. Do not provide any other detail in this space.
9. **Total Report of Deposit Form. MUST** equal the total of lines 4+5+8, or line 6. A negative balance will **NOT** be accepted. (Refer to SAM Section 8033.3 for procedure on adjustments.)
10. **For Agency Use.** Exclusively for agency notes. This field is not required by the STO.
11. **Courier, Night, and Mail Deposits.** Apart from the three exceptions indicated below, all Report of Deposit forms should have a bank validation. Validation may be by stamp, signature, or machine imprint. Refer to line 14.

Exceptions: (Check appropriate box)

- a. Courier: Remove STO copy (trip) and forward to the STO. Remove and retain agency copies (quad, quint). Armored carrier or bank messenger will provide the appropriate receipt for agency records (Example: for Bank of America, a Misc. 14). Enclose bank copies (orig., dup.) in the sealed deposit bag.
- b. Night Deposit: Remove STO copy (trip) and forward to the STO. Remove the last agency copy

(quint) and retain. The bank will validate the agency copy (quad) and return it to the agency.

- c. Mail: Remove STO copy (trip) and forward to the STO. Remove the last agency copy (quint) and retain. **Mail deposits must be sent by certified or registered mail.** Agency will retain mail receipt for Report of Deposit form verification.

**Pre-Sort and Misc. Sort Deposits:** Remove and retain the last (quint) copy. Send the first four copies to the bank with the deposit. The bank will forward trip and quad copies to the STO. The STO will retain the trip copy and return quad copy to agency.

Pre-sort and Misc. sort agencies are:

Board of Equalization  
 Department of Motor Vehicles  
 Employment Development Department  
 Franchise Tax Board  
 Public Employees' Retirement System (Bank of America only)  
 Public Utilities Commission

12. **Date Deposited.** The bank transaction date ONLY will be placed in this field. Generally, the bank transaction date will be the same as the preparation date; however, please note the following exceptions:
  - a. Night Deposits: The date deposited should reflect the next business day (excluding weekends or bank holidays).
  - b. Courier Deposits: The date deposited should be the day the courier picks up the Report of Deposit forms; however, when preparing Report of Deposit forms, the agency must consider when the next courier pick-up is scheduled (e.g., courier may be scheduled to pick up deposits bi-weekly).
  - c. Teller Counter: When depositing after **3:00 PM**, date the Report of Deposit form the next business day.

DO NOT put the Report of Deposit form preparation date in this field. The agency's preparation date, if necessary, may be noted in the For Agency Use section. Refer to line 10.

It is vital that the correct deposit date be indicated on the STO and agency copies of the form, as the date on these particular copies is recorded at the STO and utilized in determining compensating balance adjustments to the STO approved depository banks.

13. **Signature.** Signature of the individual who prepared the Report of Deposit form.
14. **Bank Use.** For bank validation only. If there is no bank validation, one of the three exceptions noted in **Section 11** should be checked.
15. **MICR Encoding Line.** Bank and Report of Deposit form data are electronically coded in this area. **IT MUST BE LEFT UNTOUCHED!**
16. **Distribution:**

Report of Deposit form distribution:

Copy	To	Explanation
Original, Dup and Quad	Bank Copies	These three copies will go to the bank. If the bank requires only the original, the agency may dispose of the dup and quad.
		Send immediately to: (For credit to agency CTS account) State Treasurer's Office IMMS C-15



Trip	STO	915 Capitol Mall P.O. Box 942809 Sacramento, CA 94209-0001
Quint	Agency	The quint copy must be retained by the agency. In the event of a lost Report of Deposit form, it is documentation until the quad is returned. (See Section 11 for exceptions to standard distribution.)

**PLEASE NOTE:**

**In order for the STO to accurately determine compensation for bank services, it is essential that all Report of Deposit form information be complete and correct.**

**Credit to CTS accounts cannot be recorded until Report of Deposit forms are processed into the CTS by the STO. Incorrect or incomplete Report of Deposit forms cannot be processed.**

**8033.3 - ADJUSTMENTS AND CORRECTIONS**

(Revised 03/05)

1. To properly credit your deposits, the information must be accurate, legible, and complete per the previous instructions. Do not make corrections on the deposit slip. If an error is made, refer to the following instructions.
  - a. If all copies of the deposit form are in your possession, void and destroy the entire form. Do not send voided deposits to the STO. Prepare a new deposit form.
  - b. If the deposit has been received by the bank and is overstated (deposit is less than the deposit form total) prepare a check to the depository bank for the shortage amount and send it to the bank within 24 hours.
  - c. If the deposit is understated (the deposit is more than the deposit form total) prepare a supplemental Report of Deposit form for the amount of the difference within 24 hours. Indicate the differences on lines 6 (adjustments) and again on line 9 (total deposits). You may use section 10 to reference the prior deposit. Send the original bank copy and the STO copy to the deposit adjustment desk of your depository bank. The bank will send the STO copy to the Treasurer's office for credit to your agency checking account.

**Note:**

Bank instructions do not allow the banks to alter the deposit form. The bank will credit the State Demand Account for the total deposit indicated on the Report of Deposit form. The STO will post the same total deposit to your CTS account.

The bank will NOT notify you if the discrepancy is less than fifty dollars. However all discrepancy amounts must be corrected. The STO recommends that all deposits be verified by a second person.

2. If you find an error on your Centralized Treasury System statement, contact STO, Bank Reconciliation Section (for deposit errors) or Item Processing Section (for check errors). Do not contact the bank.
  - a. Reporting of Deposit form errors:
    1. If there is an item on the statement that you cannot identify, photocopy that page of your statement and highlight the line item. Send the photocopy of the statement with a brief letter of explanation to the STO, Bank Reconciliation Section.
    2. If you did not receive credit for a deposit, verify that all the deposit information is complete and correct. Then send a legible photocopy of the Report of Deposit form with a brief letter of explanation to the STO, Bank Reconciliation Section.

3. If there is a discrepancy in the amount of credit, photocopy the deposit slip and the statement with the item highlighted. Make sure both photocopies are legible. Send both photocopies with a brief letter of explanation to the STO, Bank Reconciliation Section.

Please send the required documentation to:

State Treasurer's Office (IMMS C-15) Bank Reconciliation Section  
915 Capitol Mall  
P.O. Box 942809  
Sacramento, CA. 94209-0001

b. Agency check errors:

1. If there is an error on an agency check, make a legible photocopy of the check (front and back) and the statement. Send both photocopies with a brief letter of explanation to:

State Treasurer's Office (IMMS C-15)  
Item Processing Section, Room 2  
915 Capitol Mall  
P.O. Box 942809  
Sacramento, CA. 94209-0001

NOTE: If your correspondence includes more than one bank or type of problem, please send a separate letter for each bank or type of problem.

---

#### **8033.4 - ELECTRONIC DEPOSIT FORM**

(Revised 06/12)

The STO has developed an Electronic Deposit Form web application for use by departments as an alternative to the STO 5-part Report of Deposit form. This application allows departments to access Report of Deposit forms on-line, and key deposit information directly into the Electronic Deposit Form application. Report of Deposit forms are then printed at the department. The STO downloads the deposit information from the Electronic Deposit Form application directly into its deposit system daily. Unless instructed differently in the User's Manual (see website address below), participating departments will continue to comply with all applicable SAM Sections regarding the preparing, depositing, reporting, and correcting of deposits made to the CTS. Reporting of large deposits is still required by 1:30 p.m. on the day the funds are actually deposited into the State's Demand Accounts (See SAM Section 8032.5).

Departments may contact the STO for more information by e-mail at: [edfdeposits@treasurer.ca.gov](mailto:edfdeposits@treasurer.ca.gov).

Additional information is also available at the following website:

<http://www.treasurer.ca.gov/inside/edf/overview.asp>

---

#### **8034.1 - GENERAL ENDORSEMENT INSTRUCTIONS**

(Revised 09/12)

Departments will endorse checks, warrants, money orders, and other negotiable instruments on the day they are received. Timely endorsements serve to discourage the use of lost or stolen negotiable instruments by someone other than the state department. Endorsements will contain the following information:

1. The name of the bank in which the deposit is made and the branch number of this bank. Exempt from this requirement are departments which process checks by presort machines that do not have multi-endorsement capabilities (presort departments).
2. A statement which credits the deposit to the state.

Example: For Deposit Only  
California State Treasurer

3. The name of the state department making the deposit.
4. A statement guaranteeing the validity of the endorsement.

Example: Absence of Prior Endorsement Guaranteed

The following is an example which satisfies the state's requirements:

(Bank Name and Branch Number)  
For Deposit Only  
California State Treasurer  
(Department Name)  
Absence of Prior End. Guaranteed

Current endorsement stamp/plates need not be altered or replaced. However, all new or replacement stamps/plates will include the preceding information.

If special circumstances prevent departments from including the preceding information in their endorsements, contact the STO, Centralized Treasury and Securities Management Division, for assistance.

---

#### **8034.2 - ENDORSEMENT PLACEMENT AND INK COLOR**

(Revised 03/11)

Departments will endorse checks, money orders, warrants, and other negotiable instruments in the first 1 1/2" from the trailing edge. This 1 1/2" is identified as the "payee signature" endorsement area in SAM [8034.2 Illustration](#). The endorsement area for the "bank of first deposit" and "subsequent endorser" are also identified in this illustration. Endorsements will not be placed in the MICR Clear Band.

Purple ink will not be used for any state department endorsement. Purple ink is reserved for the "bank of first deposit" endorsement.

Certain money orders, warrants, or other negotiable instruments may have language pre-printed in the area designated for the "payee" endorsement. These instruments may be endorsed in the "subsequent endorser" area if the department endorsement will not fit in the remaining area for the "payee" endorsement.

Departments that cannot comply with this section must request a written exemption from the Department of Finance, Fiscal Systems and Consulting Unit.

---

#### **8034.3 - ENDORSEMENT OF ERRONEOUS WARRANTS**

(Renumbered from 8034.2 and Revised 5/98)

Government Code Section 17051 states that state agencies may deposit certain state warrants, not delivered to payees, into the Treasury to credit the fund or appropriation upon which it was drawn or to credit the appropriate account under the agency's control. These warrants will be endorsed as follows:

1. Endorsement for warrants deposited directly in the State Treasury to the credit of a treasury fund.

Deposit to  
California State Treasurer  
Per G. C. 17051  
(Agency Name)

2. Endorsement for warrants deposited in a general checking account.

(Bank Name and Branch Number)  
For Deposit Only  
California State Treasurer  
Per G.C. 17051  
(Agency Name)

---

#### **8034.4 - ENDORSEMENT OF CHECKS BY OTHER THAN PAYEE AGENCY**

(Renumbered from 8034.3 and Revised 5/98)

Negotiable instruments received by a state agency but payable to another state agency may be endorsed and deposited by the receiving agency when they are known to be a proper payment to the receiving agency. The endorsement must contain a statement guaranteeing the absence of prior endorsement as prescribed in SAM Section 8034.1.

---

#### **8034.5 - ENDORSEMENT OF REMOTELY DEPOSITED IMAGES**

(New 06/12)

For items that are remotely deposited, the endorsement is electronically affixed to the back of the image.

For non-conforming images rejected from the electronic process, see SAM section 8043.2

---

#### **8035 - LOSS BY BANKS OF CHECKS DEPOSITED BY STATE**

(Revised 1/78)

When checks are lost, the agency will first ascertain the circumstances under which they were lost. The agency will try to establish whether the bank had possession of the checks at the time the loss occurred. If it appeared that the bank had possession of the checks and the loss was the result of the bank's negligence, the agency will refuse to reimburse the bank for the loss and will refer the matter to the Department of Finance, Fiscal Systems and Consulting Unit. If the agency is certain that no negligence is involved, it will draw a check on the account in which the deposit was made to reimburse the bank for the lost checks.

Department of Finance, Fiscal Systems and Consulting Unit, will be notified if the agency believes that there is probable negligence on the part of the organization transporting the checks or any other bank other than the depository bank.

It is realized that the question will arise as to what amounts to negligence on the part of the bank. It will be necessary to treat each case separately. Examples of possible negligence are:

1. The destruction of the checks by mistake.
2. Placing the checks in a position or place which would make it easy for someone to steal them.
3. Loss of checks because they have been misplaced by a bank employee or forwarded by the bank to the wrong party.

Agencies will assume that the bank will make every effort to trace lost items with the post office, correspondent banks, etc. and will not duplicate this effort. Agencies will request the drawers of the lost checks to place "stop payments" on them and draw replacement checks.

---

#### **8036 - UNSIGNED CHECKS**

(New 5/75)

Checks received not bearing a signature may be accepted and deposited with the regular bank deposit. If so deposited, the face of the check will contain the following statement:

Signature lacking  
Guaranteed by  
(Name of State agency)

---

## **8040 - WITHDRAWALS**

(Renumbered 2/65)

Except for authorized petty cash disbursements supported by proper vouchers, all disbursements will be made by check.

---

## **8041 - CHECKS**

(Revised 06/11)

See SAM Section 3696 for ordering checks.

Checks drawn against centralized State Treasury System accounts will be written on paper check stock.

For checks prepared by typewriter, departments will use noncorrectible ribbon only and will type the check amount as follows: \$\*\*123.45\*\*. The use of noncorrectible ribbon and the placement of two asterisks before and after the check amount should minimize the possibility of checks being altered. Checks prepared by an EDP system should also have two asterisks before and after the check amount.

Any check drawn in excess of \$15,000 will require two authorized signatures unless it is payable to: (1) the State Treasurer, (2) another state department or account, or (3) if the Department of Finance, Fiscal Systems and Consulting Unit, has authorized, in writing, special instructions permitting a department to deviate from this requirement. All other checks will require only one authorized signature. No person will sign checks until an authorization card bearing his signature has been prepared and filed by the department. See SAM Section 8001.2, "Signature Cards."

Departments will keep check stock under strict control at all times and in accordance with SAM Section 8080. Transfer of check stock between persons will be documented to show the check numbers of the stock transferred. This documentation will be kept by the transferor and transferee until the period covered has been audited. See SAM Section 8022, Documentation of Incoming Collections.

In order to prevent misuse of voided checks, departments will stamp or write in ink the word "void" across the face of such checks. Departments will also cut, tear off, or block out completely the signature portion of these checks unless they are voided for specimen purposes. All copies of voided checks will be retained by the department for audit except those used as specimen checks. Department files will contain records as to the disposition of specimen checks. Such records will be signed by an employee other than one authorized to sign checks. See SAM Section 1750 for disposal of check stock.

---

## **8041.1 - EXAMINATION OF PAID CHECKS FOR ALTERATION OR FORGERY**

(Revised 09/10)

**ALTERATION**—When departments find check amount and/or payee name has been altered, the Department of Finance, Office of State Audits and Evaluations, the Bureau of State Audits, Investigations Division, and the State Treasurer's Office (STO), Item Processing Section, will be immediately notified. Alterations will generally be discovered when the monthly reconciliation of the bank and the Centralized State Treasury accounts is performed. See SAM sections 7923 and 8060.

**FORGERY**—It is the departments responsibility to review checks for possible fraudulent endorsements. An endorsement is a signature or stamp on the back of a negotiable instrument, such as a check. Therefore, departments will at least test check endorsements for possible deviations. The purpose of this examination is to determine whether the name of the payee appears as the first endorsement and to attempt to detect fraud. Attention will be given to deviations from the normal, such as the following:

- (1) Endorsements in similar writing on several checks payable to different payees.
- (2) The same subsequent endorser on several checks.

- (3) A department employee being a subsequent endorser.
- (4) Effacement (erasing or wiping out) of endorsements.
- (5) Manual endorsements where stamped endorsements would be normal.

Departments that detect deviations from normal will investigate them and will notify the Department of Finance, Office of State Audits and Evaluations, and the Bureau of State Audits, Investigations Division, immediately of any indication of fraud determined by their investigation. A letter also will be sent to the payee in duplicate requesting acknowledgment of payment if there is a reasonable question concerning the propriety of the endorsement.

If a department has been notified by a payee that a duly issued check has been lost, stolen, or not received, and the check in question is determined to have been paid by the STO, the issuing department will then initiate the following action:

1. Obtain the Forged Endorsement Affidavit, Form STO-CA-0034, from the STO, Item Processing Section by e-mailing [Item.Processing@Treasurer.ca.gov](mailto:Item.Processing@Treasurer.ca.gov). Complete the section titled Description of Warrant/Check under item number (1). In the "Name of Payee" block, type the name exactly as typed on the check. If initials were used, type in parentheses the full name, if known. For example, if the check is made payable to J. Doe, type "J. Doe (John Doe)." Whenever possible, a street address should be indicated in addition to a post office box. On the top of the form, the department will indicate the department's address to which the payee will return the form.
2. The department will then forward the three copies of the Form STO-CA-0034, with a full and legible copy (front and back) of the alleged forged check attached to the top of each copy of the form to the payee to be signed. All three copies must be signed in ink. The payee's signature must be either witnessed by two disinterested parties or notarized. All three copies must be signed by witnesses; one notarized copy will suffice. The payee is to return all three copies to the department.
3. The department accounting officer or designee should review and compare the payee's signature with the endorsement on the check; the alleged forged endorsement should also be compared with any other material on file in the payee's handwriting. Departments should submit suspected documents to the handwriting experts of the Department of Justice, Bureau of Forensic Services, Questioned Documents, for their analysis. The department will, with reasonable justification and proper notice to the payee, refuse acceptance of the forgery affidavit if it is determined beyond reasonable doubt that any statement on the affidavit is perjured.
4. Acceptable affidavits, with copies of the alleged forged check, will be forwarded in triplicate to: STO, Item Processing Section, P.O. Box 942809, Sacramento, CA, 94209-0001.
5. Upon receipt by the STO, the first copy of the Form STO-CA-0034 will be charged back to the applicable bank. The second copy will be returned to the department with the date of charge-back indicated on the front. The third copy will be retained by the STO.
6. The bank will be given fifteen days from the date of charge-back in which to protest. Departments will be immediately notified by the STO as to any such action by the bank. Reissuance by the department prior to 21 days from the date of charge-back to the bank is at the department's own risk. See SAM section 8427 for procedures for handling forged warrants.

---

#### **8041.2 - DELIVERY OF CHECKS**

(New 2/68)

Checks will be delivered directly to the payee by either (1) U.S. mail, (2) messenger service in a sealed envelope, or (3) a person having no connection with either preparing or approving the claim or invoice. A check will not be routed through the person who prepared or approved the related travel expense claim or invoice nor will it be returned for mailing or distribution to the person who prepared it.

---

#### **8042 - UNCASHED OR UNCLAIMED AGENCY CHECKS**

(Revised 12/03)

Uncashed checks are those that have been issued by the agency but remain uncashed by the payee. Unclaimed checks are those that have been returned to the agency and for which the payee cannot be located. Agency checks are checks issued from an agency's account: (1) office revolving fund (ORF), (2) general cash, or (3) trust.

ORF and general cash checks have a one year period of negotiability. Unless specific provisions of law require cancellation in a different period of time, trust fund checks also have a one-year period of negotiability.

Agencies will send Stop Payment Request form, STD 432, to the STO for all uncashed checks timed to arrive at least one week prior to the end of the one-year period of negotiability. The STO is able to stop payment of stale dated checks only through the receipt of stop payment requests from agencies. See SAM Section 8045 for specific procedures on processing stop payments. Entries to record the cancellation transactions will be made in the appropriate disbursement register of the Revolving Fund Cash Book.

Agencies will issue stop payment notices as required (by the banking institution) for those bank accounts not in the centralized State Treasury System.

Upon confirmation from the STO of stop payment request for uncashed checks, agencies will:

<u>General cash checks</u>	Cancel the checks and remit the amount to an escheat revenue account in the fund from which the checks were drawn.
----------------------------	--

ORF checks

➤ Reimbursement to the ORF has not been received	Cancel the checks and credit the amounts back to the ORF.
➤ Reimbursement to the ORF has been received	Cancel the checks and remit the amount to an escheat revenue account in the fund that has established the ORF.

<u>Trust fund checks</u>	Cancel the checks and credit the amounts back to the depositors' or special trust accounts unless otherwise provided in the trust agreement or statute under which the trust was established. See SAM Section 18424.2.
--------------------------	--

With the exception of processing stop payment request, agencies will follow the above procedures for all unclaimed checks.

Government Code (GC) Section 17096.1 allows payees to claim amounts for 2 years after cancellation of the agency check. See SAM Section 8240 for procedures on processing refunds of revenue.

Agencies will maintain a subsidiary ledger of all amounts credited to and disbursed from the escheat revenue accounts. Subsequent claims made by payees within 2 years of the check cancellation date will be processed by filing a claim schedule against an escheat revenue account. For those amounts credited in the current fiscal year, the claim schedule shall be filed against the current year escheat revenue account. For those amounts credited in a prior fiscal year, the claim schedule shall be filed against the prior year escheat revenue account. The SCO will process the claims regardless of the balances in the escheat revenue accounts.

Expenditure claims made by payees more than 2 years after the check cancellation date will be processed in the same manner as claims against a reverted appropriation (See SAM Section 8422.7). Revenue refund claims by payees more than 2 years after the check cancellation date will be processed in accordance with SAM Section 8240.

**8043 - DISHONORED CHECKS**

(Revised 2/99)

Agencies will make arrangements with their local bank to automatically resubmit for payment dishonored checks of the type that the banks ordinarily redeposit for their commercial customers. Experience has shown that about 70 percent of redeposited dishonored checks are paid.

The local bank will notify each agency when it has dishonored checks which either cannot be redeposited or has been redeposited and dishonored a second time. Upon receipt of such notification, the agency will draw a check on the account into which the deposit was made for the purpose of purchasing the dishonored checks. The checks will be made payable to the local bank and will serve to clear all records affected by the return of dishonored checks.

If the agency has been notified by the local bank that counterfeit money has been received, the agency will follow the above buy back procedure and notify the California Highway Patrol. (See SAM Section 8072.1 for procedures for counterfeit currency.)

A count of the total number of dishonored checks purchased during each fiscal year will be maintained for each centralized State Treasury System bank account. If deposits are made in more than one bank, a separate dishonored check count will be maintained for each bank. The State Treasurer's Office annually collects this information for use in compensating balance determinations.

Agencies will make certain that the branch bank number shown on their endorsement stamps is the number of the branch through which all dishonored checks are to be returned. This number is the medium by which banks know where to return dishonored checks.

Dishonored checks relating to deposits in banks outside the centralized State Treasury System will be returned in accordance with usual commercial practice. The bank will debit the account of the depositing agency in such cases.

---

**8043.1 - DISHONORED CHECK CHARGE**

(Revised 9/93)

Section 6157 of the Government Code authorizes the State to assess a charge for dishonored checks. Agencies may assess a dishonored check charge for a reasonable amount not to exceed the actual costs incurred for the processing and collection costs. Agencies may refrain from issuing licenses, permits, etc., or withhold services until the original charge plus the dishonored check charge is paid.

If the license, permit, etc., has been issued or the service rendered, the charge, if assessed, will be applied to the payer's account. If the payer has no account, a new account will be established for the amount of the original charge plus the dishonored check charge.

As the result of a check being dishonored, the payer may also be required to pay a penalty because the replacement payment was received after the date penalty became applicable. If a payer pays the amount of the license, permit, service, etc., plus penalty but neglects to pay the dishonored check charge, agencies need not pursue collection of such charge.

The amount received from the dishonored check charge will be accounted as miscellaneous revenue for the fund from which the majority of the support of the cashing and accounts receivable sections is appropriated.

**8044 - LOST OR DESTROYED AGENCY CHECKS**

(Renamed and Revised 12/03)

Lost or destroyed checks *for which the amount has not been remitted to an escheat revenue account* (SAM 8042) may be replaced with new checks at the request of and made payable to either:

1. The payee of the lost or destroyed check who has requested replacement of the check, or
2. A person other than the original payee who has requested the issuance of a new check in lieu of the lost or destroyed check and who has certified that he is the legal owner or was in legal possession of the check at the time it was lost or destroyed.



Upon receipt of a request for the issuance of a check to replace a lost or destroyed check the agency will:

1. Prepare a Stop Payment Request form, STD. Form 432, and process it in accordance with the instructions in SAM Section 8045, Stop Payments.
  2.
    - a. If the request is for \$100 or less, and the agency has received a letter from the payee containing all the facts required by the State Agency Trust Check Replacement Application form, STD. Form 805A, proceed to Step 3.
    - b. If the request is for more than \$100 or the agency has not received a letter from the payee containing all the pertinent facts, the agency will complete the application sections of an STD. 805A or STD. 805B. and forward to the person requesting a new or replacement check. STD. 805A will be used if it is to be executed within the State of California. The STD. 805B will be used if it is to be executed outside the State of California.
  3. Release a new or replacement check to the person requesting such check only after:
    - a. It has received the duplicate of the stop payment form from the STO as acknowledgment that the stop payment notice has been received.
    - b. It has determined that the check was not paid prior to the inclusive period shown on the duplicate of the stop payment form received from the STO. (See SAM Section 8045.)
    - c. It has received the application form required by 2.b. and reviewed it to insure that the form has been completed properly.
      1. Reasonable variations between the signature and the inserted name or reasonable substitution of an initial for a first name will not necessarily invalidate the instrument.
      2. The owner of the check and the declarant or affiant signing the application must be the same person.
      3. If STD. 805B is used, it must bear the seal of a notary public.
      4. All spaces provided in the form must be completed or lined through.
      5. All erasures, corrections, additions, or deletions must be initialed by the person making such changes, or preferably by the notary public if STD. 805B is used.
  4. Make adequate cross reference in accounting records between the original check and the new or replacement check. (The completed application form will be retained by the agency as a fiscal record.)
- 

#### **8043.2 - NON- CONFORMING IMAGES**

(New 06/12)

A non-conforming image is an item that was transmitted to the bank remotely and was unable to be processed. To redeposit a non-conforming image the department will retrieve and manually deposit the original item by one of the alternative methods described in SAM section 8032.2 and use the proper endorsement as provided in SAM section 8034.1.

---

#### **8044 - LOST OR DESTROYED AGENCY CHECKS**

(Renamed and Revised 12/03)

Lost or destroyed checks *for which the amount has not been remitted to an escheat revenue account* (SAM 8042) may be replaced with new checks at the request of and made payable to either:

1. The payee of the lost or destroyed check who has requested replacement of the check, or

2. A person other than the original payee who has requested the issuance of a new check in lieu of the lost or destroyed check and who has certified that he is the legal owner or was in legal possession of the check at the time it was lost or destroyed.

Upon receipt of a request for the issuance of a check to replace a lost or destroyed check the agency will:

1. Prepare a Stop Payment Request form, STD. Form 432, and process it in accordance with the instructions in SAM Section 8045, Stop Payments.
  2.
    - a. If the request is for \$100 or less, and the agency has received a letter from the payee containing all the facts required by the State Agency Trust Check Replacement Application form, STD. Form 805A, proceed to Step 3.
    - b. If the request is for more than \$100 or the agency has not received a letter from the payee containing all the pertinent facts, the agency will complete the application sections of an STD. 805A or STD. 805B, and forward to the person requesting a new or replacement check. STD. 805A will be used if it is to be executed within the State of California. The STD. 805B will be used if it is to be executed outside the State of California.
  3. Release a new or replacement check to the person requesting such check only after:
    - a. It has received the duplicate of the stop payment form from the STO as acknowledgment that the stop payment notice has been received.
    - b. It has determined that the check was not paid prior to the inclusive period shown on the duplicate of the stop payment form received from the STO. (See SAM Section 8045.)
    - c. It has received the application form required by 2.b. and reviewed it to insure that the form has been completed properly.
      1. Reasonable variations between the signature and the inserted name or reasonable substitution of an initial for a first name will not necessarily invalidate the instrument.
      2. The owner of the check and the declarant or affiant signing the application must be the same person.
      3. If STD. 805B is used, it must bear the seal of a notary public.
      4. All spaces provided in the form must be completed or lined through.
      5. All erasures, corrections, additions, or deletions must be initialed by the person making such changes, or preferably by the notary public if STD. 805B is used.
  4. Make adequate cross reference in accounting records between the original check and the new or replacement check. (The completed application form will be retained by the agency as a fiscal record.)
- 

#### **8045 - STOP PAYMENTS**

(Revised 12/03)

A Stop Payment Requests form, STD. 432 must be sent to the STO one week before the stale date of all uncashed agency checks. The stale date is one year from date of issuance. See SAM Section 8042.

To stop the payment of a centralized State Treasury System agency check, agencies will complete an, STD. 432, in triplicate and send the original with one copy to STO. The copy will be returned to the department showing the effective date of the stop payment. The STO **does not** determine if payment has previously been made before processing the stop payment. It is the agency's responsibility to determine if the check has been

paid before issuing a replacement check. See SAM Section 8044. Agencies must review their bank statements to determine if payment was made in a previous month and contact STO to determine if payment was made in the current month.

Telephone requests for stop payments will not be accepted by the STO, except in extremely urgent situations. If the STO agrees to accept an emergency request, a completed STD. 432 must be faxed to STO. The department must then write "confirming" at the top of the form and forward the original with one copy to the STO.

---

#### **8046 - RELEASE OF STOP PAYMENTS**

(Revised 2/99)

The STO will recognize a stop payment until it is either officially released by the agency or the check becomes five years old.

To release a stop payment the agency must check the release box and complete a STD. 432, in triplicate. The original and one copy must be sent to STO. The copy will be returned to the agency showing the effective date of the stop payment release.

---

#### **8047 - OVERDRAFTS**

(Revised 8/71)

Agencies will make every effort to prevent overdrafts in their centralized State Treasury System accounts, both with respect to agency bank balances and Office of the State Controller balances.

Observance of the following principles should help prevent overdrafts:

1. Deposit collections promptly. (See SAM Section 8030.)
2. Send duplicate and triplicate copies of the Reports of Deposits form, STD. 441 and 442, to the State Treasurer's Office and the Office of the State Controller respectively on the dates of the deposits. Agency accounts receive their credits from these copies rather than from records of the State Treasurer's depository banks, which maintain only consolidated Active Trust Accounts.
3. Do not draw checks against cash received but not yet deposited.
4. Schedule claims for reimbursement of office revolving funds promptly.

---

#### **8048 - LOSS OF BLANK CHECK STOCK**

(Revised 2/99)

Whenever any blank check stock is determined to be missing, agencies immediately will notify the State Treasurer's Office of the missing check numbers, the account for which used, and the date the checks were determined to be missing. If there is any indication that the checks might have been stolen, agencies also will notify the Department of Finance, Office of State Audits and Evaluations, the Bureau of State Audits, and the California Highway Patrol.

---

#### **8050 - PAID AGENCY CHECKS**

(Revised 09/10)

The State Treasurer's Office (SCO) will:

1. Settle daily with banks presenting agency checks for payment. Agency checks are checks issued from a department's account; i.e. office revolving fund, general cash, or trust.
2. Retain the paid checks data in STO's statewide Agency Paid System for five years from the paid date. Departments can access and print images of their agency checks online through the Agency Paid

System..

To obtain access to the Agency Paid System, departments shall complete the STO's User ID Assignment/Removal Form STO-IP 130. The form and information can be obtained by contacting the STO Item Processing Section at [Item.Processing@Treasurer.ca.gov](mailto:Item.Processing@Treasurer.ca.gov).

---

## **8060 - RECONCILIATIONS**

(Revised 8/98)

All bank and centralized State Treasury System (CTS) accounts will be reconciled promptly at the end of each month. See SAM Sections 7900 and 7967. This does not preclude reconciliations at other times of the month as considered necessary by the agency.

If it is determined by the reconciliation that an error has been made, agencies will notify the State Treasurer's Office. **DO NOT NOTIFY THE BANK.**

### **Report of Deposit Errors:**

1. If there is an item on the statement that you cannot identify, copy that page of your CTS statement and highlight the item. Send the copy with a brief letter of explanation.
2. If you did not receive credit for a deposit, verify that all of the information on the Report of Deposit is complete and accurate. Send a legible photocopy of the Report of Deposit on white letter size paper only. DO NOT send agency or bank copies.
3. If there is a discrepancy in the amount of credit, send photocopies of the Report of Deposit and the CTS statement with the item highlighted. Send the copies with a brief letter of explanation.
4. If the Report of Deposit errors involve more than one bank, a separate letter is required for each bank.

The above items 1-4 must be sent to:

State Treasurer's Office  
Bank Reconciliation Unit  
915 Capitol Mall, C-15  
P. O. Box 942809  
Sacramento, CA 94209-0001

If there is an agency check error on the CTS statement, make legible photocopies of the check, front and back, and the statement. Send the copies with a brief letter of explanation to:

State Treasurer's Office  
Warrant Processing Unit, Room 2  
915 Capitol Mall, C-15  
P.O. Box 942809  
Sacramento, CA 94209-0001

Do not include Report of Deposit errors with agency check errors on any letter of explanation. A separate letter is required for each type of error.

---

## **8070 - CASH OVERAGES AND SHORTAGES**

(Revised 2/98)

State officers and employees who receive and disburse money will be held accountable for the money in their custody. They will be held personally responsible for any cash discrepancies.

Each department differs as to their collection activities, frequency, and amount of cash collected. Therefore,

each department is responsible for establishing standards of performance for their cashiers and prescribing corrective actions to be utilized when performance standards are not satisfied. See SAM Section 8072 for Cash Shortages.

---

### **8071 - OVERAGES**

(Revised 3/87)

Cash overages (representing cash in excess of that for which a cashier is accountable) will be credited to Account No. 3710, Cash Overages, at the time of receipt.

If the person making the overpayment can be identified and the facts substantiated that an overpayment was made, refunds may be made and charged to the cash overage account. All other cash overages will be cleared as revenue or operating revenue at least once each quarter.

---

### **8072 - SHORTAGES**

(Revised 8/98)

Cash shortages are amounts due the State; therefore, departments will follow the collection procedures outlined in SAM Section 8776.6. If all reasonable collection efforts do not result in payment, departments will adjust the accounting records by using the procedure applicable to the type of cash shortage that has occurred. A discharge of accountability is not required for an accounts receivable that was established because of a cash shortage.

#### **1. Revenue, Reimbursement, or Abatement**

The accounting records may be adjusted for cash shortages involving revenue, reimbursement, or abatement items. No approval is required for the adjustment; however, agencies must submit a report explaining the cash shortage to the Department of Finance, Office of State Audits and Evaluations (OSAE), at the time of occurrence.

The report explaining the cash shortage must include the following:

1. The total amount of the cash shortages and the period covered.
2. Whether or not the person having custody of the money used due diligence and followed recognized good practices in handling and safeguarding the money.
3. Whether or not the cash shortage was such as might reasonably be expected in the regular course of business and was not due to an employee's dishonesty, carelessness, or negligence.
4. A copy of the police report if theft is involved.
5. A detailed explanation showing date, place, and complete circumstances for the incident which caused the shortage. If the shortage is a result of "clerical error", the explanation must be signed by the person responsible for the error. Included in the explanation must be a statement as to the corrective actions taken, if any, to prevent reoccurrence of the error. If the shortage is not the result of any person's error, then the explanation should be written by the person in charge of the fund.

The explanation should be reviewed and signed by the person's supervisor.

6. Any other facts explaining the circumstances creating the shortage. Similar types of cash shortages may be grouped and covered by a single explanation and report, where appropriate.

#### **2. Office Revolving Fund**

The office revolving fund, which includes cash purchase funds and change funds, will be made whole upon the receipt of monies to replenish the cash shortage. To request the replenishment, agencies **must** complete a Claim for Reimbursement form, STD. 27A (Rev. 9/95 or later). If an internal audit unit

exists within the agency, the claim must be reviewed and signed by the head of the audit unit.

- For an individual deficiency (shortage) of \$1,000 or more, or for a multiple deficiencies claim schedule which totals \$2,500 or more, an original Claim for Reimbursement and one copy must be submitted to the Department of Finance, Office of State Audits and Evaluations, (OSAE). If approved, the Claim for Reimbursement will be returned to the agency for their submission to SCO through the regular claim schedule process. Only deficiency claims will be included in the claim schedule. The claim may be paid from an existing appropriation so designated by the agency on the claim schedule face sheet.
- For an individual deficiency of less than \$1,000, or a multiple deficiencies claim schedule which totals \$2,499.99 or less, agencies are delegated the authority to submit the Claim for Reimbursement directly to SCO, except as noted below. The Claim for Reimbursement shall be presented through the regular claim schedule process, except that only deficiency claims will be included in the claim schedule. The reimbursement shall be from an existing appropriation so designated by the agency on the claim schedule face sheet.
- For a deficiency in any amount for which the canceled check is not available or for a deficiency that is a result of an unresolved SCO claim correction, agencies must submit the Claim for Reimbursement to Department of Finance, OSAE. The processing of these types of claims is the same as that for an individual deficiency of \$1,000 or more.

For each fiscal year, agencies will prepare and submit a report of office revolving fund deficiency claims for reimbursements *whether or not such claims were filed*. If no claims were filed during the fiscal year, the report will contain the statement, "No Claims for Reimbursement were filed during the fiscal year". If claims were filed, the report will detail the disposition of all Claims for Reimbursement. The report will be submitted to Department of Finance, Office of State Audits and Evaluations, by September 30th, and must contain the following information:

Agency Name,  
Report title,  
As of June 30, XXXX,

Claim schedule number, date filed, claim schedule amount, and date paid,  
The amount of each Claim for Reimbursement, and  
The reason for each deficiency.

The report must be signed by someone at the level of, or above, the accounting office manager and contain the following certification:

I certify under penalty of perjury that the forgoing is true, correct, and complete.  
Subscribed and executed this \_\_\_\_\_ day of \_\_\_\_\_, XXXX.

Any claims for reimbursement which are disallowed will be returned to the agency. These claims must now be submitted to the Board of Control in accordance with the procedures for legislative claims. See SAM Section 8710.

### 3. Other Cash Shortages

All other cash shortages (e.g. amounts reflected in uncleared collections, depositor's trust, or advance collections) should be processed in accordance with the Board of Control legislative claim procedures. See SAM Section 8710.

---

## 8072.1 - COUNTERFEIT CURRENCY

(Renumbered from 8072.2 and Revised 8/98)

Cash shortages caused by counterfeit currency turned over to a United States Treasury agent by the bank will be remedied as provided in SAM Section 8072. The Treasury agent's receipt or a letter on bank letterhead will include all pertinent data. The letter must be signed by a bank official above the teller/cashier level. After the

type of cash shortage has been identified, the letter or receipt will be used as supporting documentation for the applicable approval or report requirements.

---

## **8080 - SEPARATION OF DUTIES**

(Revised 9/91)

The Financial Integrity and State Manager's Accountability Act of 1983 (Government Code Sections 13400-13407) requires that the head of each State agency establish and maintain an adequate system of internal control within their agencies. A key element in a system of internal control is separation of duties. This section provides the appropriate level of separation of duties for agencies with manual accounting processes. Employees of units other than the accounting unit should be used, when necessary, to provide separation of duties.

Members of the same family (husband, wife, brother, or sister) are considered one person. No one person will perform more than one of the following seven types of duties:

1. Receiving and depositing remittances
2. Authorizing disbursements
3. Preparing checks
4. Operating a check signing machine\*
5. Comparing machine-signed checks with authorizations and supporting documents (or signing checks manually after personally comparing them with authorizations and supporting documents).\* (See below for instructions as to which position is to be assigned this duty.)
6. Reconciling bank accounts and posting the General Ledger or any subsidiary ledger affected by cash transactions\*
7. Initiating, or preparing invoices

(\*Will not have access to or control blank check stock)

The person who prepares checks will mark authorizations and supporting documents with the check number in ink in such a manner as to prevent their reuse.

Preferably, no books of original entry concerning cash receipts, cash disbursements, or invoices should be kept by employees assigned duties 1, 2, 3, 4, 5, or 7 above. However, persons receiving or depositing remittances may keep the cash receipts register, persons preparing checks may keep the cash disbursements register, and persons preparing invoices may keep the invoice register. Persons assigned duties 1, 2, 3, 4, 5, or 7 above will not keep more than one of the books of original entry concerning receipts, disbursements or invoices, but persons assigned duty 6 above may do so. These books of original entry are: General Cash Receipts Register, General Cash Disbursements Register, Trust Cash Receipts Register, Trust Cash Disbursements Register, Revolving Fund Cash Book, and Invoice Register.

The paid checks will be delivered unopened to the person charged with the bank reconciliation function and will be safeguarded by him/her until the reconciliation is completed.

Agencies having an office management, office services, or cashiers section independent from the accounting office will assign to such duties, 1, 3, 4, and 5 listed above. Such section also will be custodian of check stock, but accountability records for such stock will be kept by the accounting office.

Duty 5 is a very responsible disbursing operation. Preferably, it will be performed by a Business Service Officer I or higher classification in an office management, office services, or cashiers section independent from the accounting office if the agency has such a section and it is so staffed. Otherwise duty 5 will be performed by the accounting section unless the volume is very small and it is practical to have it done by an administrative services officer, business manager, or other officer who supervises the chief of the accounting section. If it is performed in the accounting section, it will be done by the chief of the accounting section or by the person designated by the one who supervises the chief of the accounting section.

Checks will not be routed for mailing or distribution through the person who authorized the disbursement or prepared the check.

The person who prepares checks will maintain a daily log of checks written. If the checks are to be signed by check signing machine, it will be in the form shown in SAM Section 8081. If the checks are signed by hand, the following form will suffice:

<b>Date</b>	<b>Beginning Check Number</b>	<b>Ending Check Number</b>	<b>Numbers of Voided Checks</b>
10/1	101	203	157,192
10/2	204	255	231

The person who records checks written in the books of original entry (General Cash Disbursements Register, Trust Cash Disbursements Register, and Revolving Fund Cash Book) will assure that only those checks shown on the daily log of checks written are recorded therein.

Organizational units cited above will perform the duties outlined only when the nature of services provided by such units permit. It is not the intention of this instruction to include office service units in separation of duties if, for example, the unit is providing duplicating services only or similar activities not related to accounting functions.

---

#### **8080.1 - SEPARATION OF DUTIES AUTOMATED SYSTEMS**

(Revised 2/98)

The Financial Integrity and State Manager's Accountability Act of 1983 (Government Code Sections 13400-13407) requires that the head of each state agency establish and maintain an adequate system of internal control within their agencies. A key element in a system of internal control is separation of duties. This section provides the appropriate level of separation of duties for agencies with automated accounting processes. Employees of units other than the accounting/data processing units should be used, when necessary, to provide separation of duties.

No one person will perform more than one of the following types of duties:

1. Designing Systems
  2. Programming
  3. Maintaining records file and operating mechanized equipment
  4. Initiating disbursement document
  5. Approving disbursement document
  6. Inputting disbursement information
  7. Receiving and depositing remittances
  8. Inputting receipts information
  9. Controlling blank check stock
  10. Reconciling input to output
  11. Initiating or preparing invoices
- 

#### **8080.2 - SEPARATION OF DUTIES (COMBINED SYSTEMS)**



(Revised 3/82)

For departments whose accounting systems include manual and automated processes, SAM Sections 8080 and 8080.1 should be used in combination to provide adequate separation of duties.

### **8081 - CHECK SIGNING MACHINES**

(Revised 3/82)

Departments may purchase check signing machines if desired when the average volume of checks written exceeds 500 per month.

The person who prepares checks will maintain a daily log of checks written showing:

<b>Date</b>	<b>Beginning Check Number</b>	<b>Ending Check Number</b>	<b>Checks Used</b>	<b>Voided Check Number</b>	<b>Forwarded for Signature</b>
10/1	101	203	103	105, 199	101
10/2	204	255	52	226	51

The person assigned to compare signed checks to authorizations and supporting documents\* will maintain a daily log showing:

<b>Date</b>	<b>Number of Checks Reviewed Machine Signed</b>	<b>Proper Ending Meter Reading</b>	<b>Number of Checks Hand Signed</b>	<b>Voided Check Number</b>	<b>Checks Used</b>
10/1		10,000 (**)			
10/1	98	10,098	3	105, 199	103
10/2	49	10,147	2	226	52

(\*) See SAM Section 8080 for separation of duties and which position is to be assigned this duty.

(\*\*) This entry is needed only at start of this procedure.

The person assigned to compare signed checks to authorizations and supporting documents will compare daily or have his secretary compare daily the meter reading on the machine with what it should be according to his log of checks reviewed and signed by machine. (Authorizations and supporting documents may not be available for comparison under automated accounting systems.) At least once each week he will personally make the comparison with the meter reading. All voided checks will be retained by the person who reviews checks until completion of the following reconciliation. At the end of each month full accountability will be made of all checks used by comparing the daily log maintained by the person who reviews authorizations, checks, and supporting documents with the daily log maintained by the individual who prepares checks or the person who controls blank check stock. After this accountability all voided checks, to that date, will be filed in the check file.

Where two keys are required for the operation of the check signing machine, one will be controlled by the operator and the other by the person whose signature is used. For machines requiring only one key, the person whose signature is used will control the key.

In the event that the person whose signature is used is traveling or otherwise not available, the key normally controlled by this person may be assigned to a responsible person other than the operator of the check signing machine.

The operator will lock the machine and remove the key or keys whenever the machine is not in use. If the

check signing machine is operated with two keys, the operator will promptly return the second key to the person responsible for controlling its use when the machine is not being used.

---

## **8082 - RUBBER STAMP FACSIMILE SIGNATURES**

(Revised 7/79)

Departments may be authorized to use rubber stamp facsimile signatures for check signing. Departments considering this method of check signing should contact the Department of Finance, Fiscal Systems and Consulting Unit, for authorization. Precautions must be taken to prevent the unauthorized use of rubber stamped signatures. When the stamps are not in use, they should be locked in a secure place with the key in the custody of the person authorized to sign checks.

---

## **8090 - GENERAL CASH**

(Revised 2/99)

General cash, consists of cash collected by or temporarily on deposit in an agency account (1) pending its remittance to the State Treasury or (2) pending its refund to payers, as authorized by law.

---

### **8090.1 - AGENCY TRUST FUND CASH**

(Revised 2/99)

Agency Trust Fund Cash consists of cash relating to certain depositor trusts which is held on deposit under agency control and is not remitted to the State Treasury.

---

## **8091 - REMITTANCES TO STATE TREASURY**

(Revised 9/07)

Cash collected by state agencies for revenue, reimbursements, or abatements is deposited into an approved depository bank within the centralized State Treasury System. (See SAM Section 8031 for approved depository banks.) Cash must be deposited within 30 days following the date collected, unless more frequent remittances are required by law. Accumulated deposits of \$25,000 will be remitted as soon as possible, but not later than the first day of the week following the collection.

There are two methods used to remit agency cash to a fund:

- Use of either the Report to State Controller of Remittance to State Account, form CA-21A or Report to State Controller of Remittance to State Treasurer, form CA-21
- Use of the Electronic Fiscal Input Transaction System (eFITS)

### Form CA-21A

The CA-21A, or remittance advice, (TC-47) is required when cash has been deposited in the agency's checking account and will be remitted to a fund in the State Treasury. The CA-21A may be submitted to the SCO via fax to (916) 322-5490. The CA-21A form is available at: <http://www.sco.ca.gov/ard/state/index.shtml>. Agencies may design their own remittance advice form; however, SCO approval of the form is required prior to its use.

On the CA-21A, agencies will enter its three-digit checking account number and a remittance advice (RA) number, which is a unique 5-digit number after the preprinted "R". Each checking account number must have its own agency assigned range of RA numbers, which cannot be duplicated within the same fiscal year. Upon receipt of the CA-21A, the SCO issues a Controller's Receipt beginning with the prefix CRA, to record the reduction of cash in the agency checking account and the increase to Cash in State Treasury.

Agencies will record the remittance to the State Treasury via CA-21A as a debit to general ledger account (GLA) 1115, General Cash, Remittance in Transit. The CRA document will be recorded as a credit to GLA 1115. (See SAM Section 7620.)

### Form CA-21

Use of the CA-21 (TC-30) will be limited to those instances when the CA-21A form or e-FITS process is not an option.

Agencies will submit the CA-21 to the STO identifying the appropriate fund to be increased. If the cash has been deposited into the agency's checking account, the agency will submit an agency check payable to the STO, along with the CA-21. The CA-21 is available at: <http://www.sco.ca.gov/ard/state/index.shtml>. Agencies may design their own remittance advice form; however, SCO approval of the form is required prior to its use.

On the CA-21, agencies will enter an RA number, which consists of two alphabetical characters assigned by the SCO, and six numeric characters from the agency's own assigned range of RA numbers.

Upon receipt of the CA-21 document, the SCO issues a Controller's Receipt document beginning with the prefix CR to record the increase to Cash in State Treasury.

Agencies will record the remittance to the State Treasury as a debit to GLA 1150, Cash in Transit to State Treasury. The CR document will be recorded as a credit to GLA 1150. (See SAM Section 7620.)

When cash is received directly into the State Treasurer's demand account, such as wire transfers, agencies will complete the CA-21, as described above, and send directly to the STO without an agency check.

The SCO receipt of the CA-21 document and the increase to Cash in State Treasury are also as described above.

### e-FITS

Agencies, authorized by the SCO, may also use e-FITS when cash has been deposited in the agency's checking account and will be remitted to a fund in the State Treasury. More information regarding e-FITS is available at: <http://www.sco.ca.gov/ard/state/index.shtml>.

Through e-FITS, agencies will enter its three-digit checking account number after the preprinted "R". Each checking account number must have its own agency assigned range of RA numbers, which cannot be duplicated within the same fiscal year. The SCO issues a Controller's Receipt beginning with the prefix CRE to record the reduction of cash in the agency checking account and the increase to Cash in State Treasury.

Agencies will record the remittance to the State Treasury via e-FITS as a debit to GLA 1115, General Cash, Remittance in Transit. The CRE document will be recorded as a credit to GLA 1115. (See SAM Section 7620.)

---

## **8091.1 - DETAIL TO BE SHOWN ON REPORT TO STATE CONTROLLER OF REMITTANCE TO STATE TREASURER** (Revised 12/11)

### **General**

There will be no attachment or schedule to the form CA 21 or CA 21A. See SAM section 18424.5 for remittances of unclaimed trust money. All account coding will be displayed on the remittance advice. The State Controller's Office (SCO) may consider any exceptions to this procedure on an individual basis.

A single remittance advice may include remittances to more than one fund in the State Treasury. In those instances, the name of each fund will be entered in the "Description" column of the form, followed by the detail of accounts and amounts applicable to each fund.

No information will be entered in the "SCO" column of the form.

### **Revenues**

Departments will report revenues on remittance advices using the six-digit subsidiary revenue codes and titles as provided in the Uniform Codes Manual (UCM). The revenue code and title will be entered in the

"Description" column, and the amount remitted for each account will be entered in the "Amount" column.

### **Reimbursements**

Departments will report reimbursements on remittance advices by the fund, appropriation item number, chapter, year of appropriation, and reimbursement category title. Departments with budgeted reimbursement authority will remit their funds as scheduled reimbursements. If a department collects reimbursements in excess of their budget authority, the excess collections will also be remitted as scheduled reimbursements. Departments with no budgeted reimbursement authority will remit funds as unscheduled reimbursements.

Departments will enter the reimbursement receipt code title as provided in the UCM in the "Description" column whether the reimbursement is scheduled or unscheduled and the amount remitted for each receipt code will be entered in the "Amount" column. This information is required by SCO to validate the category of reimbursements.

### **Abatements**

Departments will report abatements on remittance advices by the fund, appropriation item number, chapter, year of appropriation, and abatement source code title as provided in the UCM. The abatement receipt code title will be shown in the "Description" column and the amount remitted for each type of abatement will be entered in the "Amount" column. Only those receipts authorized by SAM section 10220 will be accounted for as abatements.

### **Refunds to Reverted Appropriations**

Departments will report reimbursements and abatements to appropriations that have reverted as refunds to reverted appropriations. Regardless of the actual year of the abatement or reimbursement the funds will be remitted to the prior fiscal year.

### **Operating Revenue**

Remittances of operating revenue to Non-Governmental Cost Funds will include a description of receipts at an appropriate level of detail acceptable to the SCO and in accordance with the coding structure provided in the UCM.

---

## **8092 - REPORT OF COLLECTIONS**

(Renumbered 2/65)

Agencies will prepare a report of collections unless they record directly in the Cash Receipts Register the amount collected from each payer or the amounts represented by a series of receipts. The report of collections then is the basis for a summary entry in the Cash Receipts Register.

The following information normally will be included on a report of collections for amounts received from each payer for whom no receipt is written: (1) date of collection, (2) name of remitter, (3) amount received, (4) type of remittance, i.e., cash, check, or money order, unless all remittances are in cash, and (5) distribution of amount received. Agencies that prepare reports of collections normally will summarize on the reports amounts received

from payers for whom receipts are written by showing (1) beginning and ending receipt numbers, (2) amount represented by the receipts, and (3) distribution of amount represented by the receipts.

### 8093 - CASH RECEIPTS REGISTER

(Revised & Renumbered 2/65)

General Cash and Agency Trust Fund Cash received will be entered in Cash Receipts Registers. Separate registers will be used for General Cash and Agency Trust Fund Cash transactions respectively. Agencies that prepare reports of collections (See 8092) will record each report as a summary entry in this register (1) identifying report of collections concerned, (2) showing amount represented by the report of collections, and (3) distributing the amount represented by the report of collections.

Agencies that do not prepare reports of collections normally will show the following in this register for amounts received from each payer for whom no receipt is written: (1) date of collection, (2) name of remitter, (3) amount received, (4) type of remittance, i.e., cash, check, or money order, unless all remittances are in cash, and (5) distribution of amount received. Such agencies normally will summarize in this register amounts received from payers for whom receipts are written by showing (1) beginning and ending receipt numbers, (2) amount represented by the receipts, and (3) distribution of amount represented by the receipts.

### 8094 - CASH DISBURSEMENTS REGISTER

(Revised & Renumbered 2/65)

General Cash and Agency Trust Fund Cash disbursements will be recorded daily in Cash Disbursements Registers. Separate registers will be used for General Cash and Agency Trust Fund Cash transactions respectively. Agencies will record individual checks or make a summary entry for all pertinent checks written each day, depending primarily upon the volume of checks written. If a single entry is made in a register for each day, beginning and ending check numbers will be recorded in the register.

### 8095 - REFUNDS

(Renumbered 2/65)

Unless special provisions of law provide otherwise, refunds may be made out of the general cash account if the applicable collections have not been remitted to the State Treasury. (See 8240 for revenue refunds.)

### 8099 - MAXIMIZATION OF INTEREST EARNINGS

(Revised 12/01)

The State is vitally concerned in maximizing its interest earnings. ***Every dollar earned from investments reduces the need for taxes or other income by an equal amount.*** Interest earnings can be maximized by the earliest practical deposit of receipts and the latest reasonable disbursement of money. Adherence on a **day-to-day basis** by all agencies to sound cashing, depositing, and other cash flow management practices is an important factor in permitting the State to realize the most interest from the dollars that flow through its system. The State earns approximately \$27 on each million dollars per calendar day for each 1 percent of interest earning rate.

Various sections of the State Administrative Manual (SAM), as summarized below, refer to practices that State agencies will follow. For further information, refer to the specific section in the SAM. The following is a synopsis of all significant SAM sections related to this subject.

#### Section

- 8001 **Centralized State Treasury System** - The purpose of the centralized State Treasury System (CTS) is to maximize the earning of interest consistent with safe and prudent treasury management and to assure that depository banks provide the State with proper and adequate security for deposits of State money. With few exceptions, all money collected by or in the possession of any State agency will be deposited in the CTS.
- 8003 **Federal Letter of Credit** - The purpose of the Federal Letter of Credit is to enable the State agency to withdraw cash from the U.S. Treasury concurrently with disbursements. This practice prevents

State cash from being utilized for federal program disbursements resulting in a loss of interest earning.

- 8032.1 **When to Deposit** - Agencies will use the most efficient procedure that provides timely deposits.
  - 8032.2 **Method of Depositing** - Outlines various methods used to deposit money into the CTS in a timely manner to maximize interest earnings.
  - 8032.5 **Reporting of Large Deposits** - Reporting large deposits to the State Treasurer's Office notifies them that cash is available for investment, which provides for additional interest earnings.
  - 8422 **Purchase and Expense Claims** - Disbursements reduce cash available and therefore reduces interest earned.
  - 8479 **Payments on Contracts with other Governmental Jurisdictions** - Discusses options to making advances or large payments to maintain cash balances longer thus providing more cash available to maximize interest earning.
  - 8776.3 **Invoicing** - Provides instructions for prompt invoicing for amounts due the State to maximize cash flow and subsequent interest earnings.
  - 8776.6 **Non-Employee Accounts Receivable** - Provides instructions for prompt invoicing for amounts due the State to maximize cash flow and subsequent interest earnings.
  - 8776.7 **Employee Accounts Receivable** - Provides instructions for prompt invoicing for amounts due the State to maximize cash flow and subsequent interest earnings.
-